



U.S. Beverage Alcohol Market Set for Slow Recovery After “Reset Year”

by The IWSR Drinks Market Analysis, www.theiwsr.com

IWSR data shows that challenges related to inventory levels, squeezed disposable incomes and moderation are likely to continue, but the U.S. will remain the key value driver among mature beverage alcohol markets in the years ahead.

In what has been labelled as a “reset year” for the industry, total beverage alcohol (TBA) volumes in the U.S. declined by -3% in 2023. However, TBA value increased by +1% during 2023, and the U.S. is expected to be the key value growth driver among the world’s mature alcohol markets in the years ahead, adding more than \$7.5 billion in incremental gains to 2028 — a similar figure to that of India.

The U.S. beverage alcohol market faced a number of headwinds during 2023, including imbalanced inventories, economic pressures on consumers and an increased focus on health and moderation, according to new data and forecasts from IWSR. As a result, the alcohol industry saw declines in spirits sales — the first in nearly 30 years — as well as declines for wine and beer. RTDs recorded marginal volume growth, capping a period of strong gains. IWSR forecasts are predicting continued slow consumption declines in the years ahead with an anticipated 2023-28 TBA volume CAGR fall of -1%.

“High inventory levels are expected to persist into 2024 and potentially beyond with normalization now not expected until 2025 or early 2026,” said Marten Lodewijks, President of the U.S. Division at IWSR. “Consumer demand will have to increase in order to facilitate the movement of stock through the distribution chain.”

Between December 2019 and December 2023, TBA inventory levels surged, driven initially by heightened demand during the Covid-19 pandemic, and then by supply chain disruptions and stock planning challenges. In turn, this has led wholesalers and retailers to focus their efforts on stock cycling with the aim of reducing inventories to trim their working capital as interest rates rose.

This inventory overstocking coincided with the end of pandemic stimulus measures, along with rising inflation, interest rates and credit card debt — all of which significantly reduced consumers’ disposable incomes.

“Ongoing economic challenges are likely to maintain pressure on consumer spending and market dynamics,” noted Richard Halstead, COO Consumer Research, IWSR. “As economic constraints have taken effect, IWSR’s Bevtrac consumer research shows that consumers have diverted spending from alcohol to household essentials, fueling a marked decline in per capita alcohol consumption, which fell below pre-pandemic levels.”

The squeeze on disposable incomes has also magnified the importance of obtaining the optimal price-to-quality ratio for consumers. As a result, trading up has softened, and people have opted for more affordable choices over premium purchases.

continued on page 3

Aspen Vodka Achieves LEEDV4 BD+C Platinum Certification for Manufacturing Facility

Aspen Vodka in Colorado has become the first U.S. distillery to be awarded the LEEDv4 BD+C Platinum certification, the highest standard for building energy efficiency designated by the U.S. Green Building Council (USGBC).



“We are incredibly proud to lead the industry with our ambitious and innovative environmental practices,” said Matthew Patel, founder of Aspen Vodka. “Producing a luxury vodka with unrivaled quality at the world’s cleanest distillery sets a new benchmark for sustainability. Our LEEDv4 BD+C Platinum certification is a testament to our commitment to excellence in both quality and environmental stewardship, and we hope to inspire our industry peers to elevate their sustainability efforts.”

This certification places Aspen Vodka’s distillery among only three LEEDv4 BD+C Platinum projects in Colorado and one of three LEED certified distilleries in the U.S., and the only to achieve Platinum.

“LEED certification is the ultimate recognition of global green building leadership, signaling that a space has undergone rigorous third-party verification and meets the highest green building standards,” said Peter Templeton, President and CEO, USGBC. “In the spirits world, Aspen Vodka Distillery is leading the way in the industry and demonstrating its commitment to making the world a better place.”

The 18,000-square-foot distillery stands on a rehabilitated former lumber yard where the land and surrounding soil have been revitalized. 105% of energy is supplied by a combination of on- and off-site solar and battery storage, making Aspen Vodka

continued on page 4